

FARM BUSINESS MANAGEMENT



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UPCOMING MEETINGS & EVENTS

Fall Cattle Roundup – Tuesday, October 9th at 8:00 a.m. at the McHenry Fire Hall. Topics include the outlook numbers for 2007-2008, sale barn study, winter feeding and low cost strategies and pricing and budgeting for feeder calves. This seminar will be repeated on Thursday, October 11th at the New Rockford Garrison Diversion/Extension Building and again at 1:00 p.m. at the City Hall in McClusky. With feed and calf prices where they are today, it is important to have a good understanding of the costs and opportunities with retained ownership.

Marketing Club – Wednesday, October 10th and Wednesday, October 24th beginning at 7:30 a.m. here at the CREC. We will be reviewing George Flaskerud's power point presentation on crop marketing at the October 10th meeting. Coffee and rolls are usually ready shortly after 7:00 a.m. We have seen some real slides in crop prices and it challenges each of us to be on top of both our marketing and our budgeting for this year and next year.

Women's Ag. Marketing Club – Meets for supper at 5:30 a.m. on Tuesday, October 16th here at the CREC. I would encourage more of the ladies to attend this specialized marketing club. It is an excellent opportunity for you to ask questions about marketing and agricultural topics in general. This club is designed for all levels of marketing ability so I do encourage any of the ladies to attend. We usually begin with a pizza supper at 5:30 and conclude by 7:00 p.m. There are no dues for the club, just a meal charge of \$5.00 for the pizza. Hope you will attend.

Fall Marketing Seminar – Our 2007 Fall Marketing Seminar will be held on Tuesday evening, November 13th at the Chieftain in Carrington. The seminar will begin at 7:30 p.m. and last approximately 1 ½ hours. The speakers for the Fall Seminar include George Flaskerud, crop marketing specialist from NDSU and Randy Martinson, manager and marketing specialist with Progressive Ag. Marketing out of Fargo. Be sure to mark your calendars for this important Fall marketing seminar. Marketing of both the 2007 and 2008 crops will be addressed.

FEEDER CALF MEETINGS

As listed above, you will have the opportunity to attend a livestock information meeting in either McHenry, New Rockford or McClusky. This meeting will provide you with updated information on the cattle cycle, livestock feeding, a sale barn study and on the costs and estimated profitability of feeding calves of various weights, various values and for varied lengths of time. The annual feeder calf budgets are completed and they are available on the web site ndfarmmangement.com under the reports section. You will find budgets for 120 day backgrounders and for finishing out 550 and 650 pound calves. I encourage beef operators to take advantage of these meetings.

SCHEDULE OF MEETINGS & WORKSHOPS

Enclosed with this newsletter you will find a schedule of meetings and workshops for the 2007-2008 year. There is a variety of workshops and seminars covering many topics including livestock, crop marketing, cash flow planning, marketing clubs, using Excel spreadsheets, using Quicken for your recordkeeping, estate planning, a crop variety update, using the farm analysis and the annual Farm Business Management Analysis Review seminar. FSA borrowers who are required to enroll in farm business management will note that four of the seminars are listed as required items and need to attend these as part of their borrower training program.

CROP DATA ENTRIES FOR 2007

Over the past few months we have discussed your crop data information for 2007 and how you might record that information. I would again suggest that all producers attempt to record the seed, fertilizer, chemical, insurance, rent and custom work expense for each crop, including forages and pastures. You can record this information simply by crop, meaning that we would record the acres of owned, cash rented and share-crop for each type of crop and then record the total production, insurance incomes, and the expenses described above for that crop. This gives you the producer a good handle on what each crop is costing you to produce as well as an excellent base of marketing information. The form for recording this has been sent out over the past months but call or email me if you need an additional one or would like the computer format so that you can complete it on your computer using Excel or Open Office.

Many producers have recorded each field over the past years and that is also an excellent method to use and is even more specific than recording by each crop. As the number of fields increases with farm size, some producers may wish to provide this information by crop as a method of saving time and yet gaining some valuable information from the crop data. Producers can also separate out a specific field or two from the total crop acres if there are some specific items that they are tracking for that field such as varietal differences or perhaps exceedingly high or low production numbers for that field.

It is important for each producer to decide what method of recording this information will give him or her the best data possible when it comes to looking at not only the costs of production but the yield differences that they may have seen between the varieties seeded in 2007. This year is one that stresses the importance of variety selection for crops. Factors resulting from such items as seeding rates and day length may show some real differences this year.

When you record fertilizer or chemical costs on your crop data form, be sure to separate out any custom charge for the application of the product and list that custom application charge under custom hire. Doing so helps us to develop an accurate picture of the true power or machine cost for each crop. Failing to indicate the amount for one or two passes of custom application can greatly overestimate the fertilizer or chemical cost while short-changing the actual power cost for raising the particular crop.

WHAT WILL WE DO WITH THE "EXTRA" PROFITS IN 2007?

There are very few times when we have to think about what we will do with extra profits but this fall and this winter may be just that time. If you farm 2000 acres of cropland and priced about one-half of your crop ahead of time, you may have anywhere from \$50 to \$100 of extra income per acre to deal with. What will you do with an extra \$100,000 or \$200,000 of income? Will you pay down existing debt? Will you make new purchases, paying the full amount up front? Will you make down payments and take on new debts to be resolved in years to come? I encourage each of you to consider how to best set up the financial framework for your farming unit for the years to come. It is a question that we must consider and one, depending upon how we handle it, may have consequences for our farms for years to come.

